

Regulatory Landscape - Lending Providers

This section lists out the regulations and directives that apply to providers offering consumer credit and related products.

Title	Key dates	Key Information
<p><u>Directive No. 2008/48/EC</u> (Consumer Credit Directive – CCD)</p>	<p>Publication date: May 22, 2008</p> <p>Effective date: June 11, 2008</p> <p>Member state transposition deadline: June 11, 2010</p> <p>Application date: June 11, 2010</p>	<p>This directive lays down a harmonised EU framework for consumer credit agreements. It aims to facilitate the emergence of a well-functioning internal market in consumer credit and ensure a consistently high level of consumer protection by increasing the transparency and comparability of credit offers across the European Union.</p> <p>The directive specifies the following requirements:</p> <ul style="list-style-type: none"> ● Pre-contractual information: creditors must provide consumers with clear, comprehensive and comparable information in good time before they are bound by a credit agreement. This must be provided using a standardised document known as the Standard European Consumer Credit Information (SECCI) form. ● Annual Percentage Rate of Charge (APR): introduces a single, harmonised method for calculating the APR, representing the total cost of the credit to the consumer, expressed as an annual percentage. This includes interest, commissions, taxes and any other mandatory fees. ● Advertising requirements: any advertising concerning consumer credit that indicates an interest rate or any figures relating to the cost of the credit must include standard information (such as the APR, the total amount of credit, and the borrowing rate) presented by means of a clear and representative example. ● Right of withdrawal: consumers are granted a 14-day “cooling-off” period during which they can withdraw from the credit agreement without having to provide any justification. ● Early repayment: consumers have the right to discharge their obligations under a credit agreement early at any time. In such instances, they are entitled to a reduction in the total cost of the credit, while creditors may claim fair and objectively justified compensation for potential costs directly linked to the early repayment. ● Creditworthiness assessment: creditors are obliged to thoroughly assess the consumer's creditworthiness before concluding a credit agreement. This

		<p>assessment must be based on sufficient information obtained from the consumer and, where necessary, by consulting relevant credit databases.</p> <p>This directive repeals Directive 87/102/EEC.</p>
<p>Directive (EU) 2023/2225 (Consumer Credit Directive 2 – CCD2)</p>	<p>Publication date: October 30, 2023</p> <p>Effective date: November 19, 2023</p> <p>Member state transposition deadline: November 20, 2025</p> <p>Application date: November 20, 2026</p>	<p>This directive lays down a modernised, harmonised EU framework for consumer credit agreements, replacing the previous 2008 framework. It aims to adapt consumer protection rules to the realities of the digital age, addressing the emergence of new digital lending products, changing consumer behaviours, and the risks of over-indebtedness.</p> <p>The directive introduces the following key changes and requirements:</p> <ul style="list-style-type: none"> ● Significantly broadens the types of credit covered. It removes the previous minimum threshold of €200 and raises the maximum threshold to €100,000. It now also explicitly captures “buy now, pay later” (BNPL) schemes, short-term loans and credit granted through crowdfunding platforms. ● Mandates stricter advertising rules to prevent misleading consumers and requires clear, upfront information. Key details must be presented clearly on the first page of a dedicated, standardised form so consumers can easily compare different credit offers. ● Creditworthiness assessments: strengthens the obligation for creditors to thoroughly assess a consumer's ability to repay before granting credit. If an application is rejected based solely on the automated processing of personal data, the consumer has the right to request human intervention and an explanation of the underlying logic and decision. ● Ban on tying practices: prohibits the practice of offering a credit agreement in a package with other distinct financial products or services where the credit agreement is not made available separately to the consumer. ● Right of withdrawal and early repayment: reaffirms the consumer's right to withdraw from the credit agreement within 14 days without giving any reason. It also maintains the right to early repayment, ensuring consumers can discharge their debt early with a fair reduction in the total cost of credit. ● Protection against over-indebtedness: requires member states to implement measures to prevent abuse (such as capping interest rates or the total cost of credit) and ensure that consumers facing financial difficulties are proactively identified and offered forbearance measures (such as debt restructuring) or referred to independent debt advisory services. <p>This directive repeals Directive 2008/48/EC.</p>

<p><u>Regulation (EC)</u> <u>No. 1060/2009</u> (Credit Ratings Agency Regulation – CRAR)</p>	<p>Publication date: November 17, 2009</p> <p>Effective date: December 7, 2009</p> <p>Application date: December 7, 2009</p>	<p>This regulation introduces a common regulatory approach to enhance the integrity, transparency, responsibility, good governance and independence of credit rating activities. It aims to ensure that credit ratings used in the EU are independent, objective and of adequate quality.</p> <p>The regulation specifies the following requirements:</p> <ul style="list-style-type: none"> ● CRAs must be officially registered in the EU for their ratings to be used for regulatory purposes by European financial institutions (such as banks and insurance firms). ● CRAs are legally required to avoid, manage and disclose any existing or potential conflicts of interest. This includes strict rules on separating rating activities from business/consulting services, and mandates the regular rotation of lead rating analysts to prevent them from becoming too close to the entities they rate. ● The methodologies used to assign credit ratings must be rigorous, systematic, continuous and subject to validation based on historical experience. ● CRAs are obliged to publicly disclose their rating methodologies, models and key underlying assumptions. Furthermore, they must publish an annual transparency report and maintain an up-to-date disclosure on the historical performance (default rates) of their ratings. ● CRAs must establish robust internal control mechanisms and an independent compliance function. Additionally, at least a third of the members of a CRA's administrative or supervisory board must be fully independent.
<p><u>Directive</u> <u>2014/17/EU</u> (Mortgage Credit Directive – MCD)</p>	<p>Publication date: February 28, 2014</p> <p>Effective date: March 20, 2014</p> <p>Member state transposition deadline: March 21, 2016</p>	<p>This directive lays down a common framework for certain aspects of the laws, regulations and administrative provisions of member states concerning consumer credit agreements secured by a mortgage or otherwise relating to residential immovable property. It aims to create a highly transparent, efficient and competitive internal market for mortgages, while ensuring a high level of consumer protection and promoting sustainable lending and borrowing practices.</p> <p>The directive specifies the following requirements:</p> <ul style="list-style-type: none"> ● Pre-contractual information (ESIS): creditors must provide consumers with a European Standardised Information Sheet (ESIS) in good time before the consumer is bound by any credit agreement or offer. This standardises the disclosure of key features, risks and costs, enabling consumers to easily compare mortgage offers across the market. ● Annual Percentage Rate of Charge (APRC): introduces a highly harmonised,

		<p>standard EU-wide formula for calculating the APRC for mortgages to ensure all mandatory costs (interest, fees, taxes) are consistently reflected in the total cost of the credit.</p> <ul style="list-style-type: none"> ● Creditworthiness assessments: obliges lenders to conduct a rigorous and documented assessment of the borrower's creditworthiness before concluding the agreement, based on sufficient information regarding their income and expenses. ● Reflection period and right of withdrawal: consumers must be given a guaranteed period of at least seven days to compare offers, assess their implications and make an informed decision. Member states can implement this as a reflection period (before concluding the contract), a right of withdrawal (after signing), or both. ● Early repayment: grants consumers a general right to repay their mortgage loans early, allowing them to benefit from a reduction in the total remaining cost of the credit. Member states may entitle lenders to fair compensation for costs directly linked to the early repayment. ● Ban on tying practices: generally prohibits tying practices (where a mortgage is only available if the borrower takes out other distinct financial products alongside it), although bundling (where the mortgage is also available separately) is permitted. ● Credit intermediaries: establishes an EU passport regime for credit intermediaries, allowing them to provide services throughout the Union once authorised in their home member state. It also mandates that both lenders and intermediaries ensure their staff possess an adequate, up-to-date level of knowledge and competence. <p>To achieve these objectives and align existing frameworks, this directive amends the following legislation:</p> <ul style="list-style-type: none"> ● Directive 2008/48/EC. ● Directive 2013/36/EU. ● Regulation (EU) No. 1093/2010.
<p>Directive (EU) 2021/2167 (Credit Services and Credit Purchasers Directive – CSCPD)</p>	<p>Publication date: December 8, 2021</p> <p>Effective date: December 28, 2021</p> <p>Member state</p>	<p>This directive establishes a harmonised Union-wide framework for the transfer and management of non-performing loans (NPLs) originated by EU credit institutions. It aims to foster the development of a robust secondary market for NPLs across the EU, enabling banks to efficiently offload bad debt and clean up their balance sheets, while ensuring that borrowers' rights and protections are rigorously maintained.</p> <p>The directive lays down the following requirements:</p>

	<p>transposition deadline: December 29, 2023</p> <p>Application date: December 30, 2023</p>	<ul style="list-style-type: none"> ● Introduces a mandatory, harmonised authorisation regime for credit servicers (entities that manage and enforce NPLs on behalf of a purchaser). These entities must prove they have robust governance, internal controls and borrower protection procedures in place. ● Sets out targeted rules for non-bank entities purchasing NPLs. Non-EU purchasers are required to designate in writing a representative established within the EU, who will be fully responsible for compliance with the directive. ● Obliges credit institutions selling NPLs to use detailed, standardised data templates (developed by the EBA) to provide prospective buyers with comprehensive financial and collateral data, enabling proper due diligence and accurate pricing. ● Ensures that the transfer of the creditor's rights under an NPL does not place the borrower in a less favourable legal position. It mandates that both purchasers and servicers act in good faith, communicate fairly without harassment or coercion, and respect borrower privacy. ● Allows authorised credit servicers to provide their services cross-border throughout the EU without the need to obtain separate authorisations in each host member state, significantly reducing market fragmentation. ● Requires credit servicers to establish and maintain transparent procedures for the free-of-charge handling of complaints from borrowers. <p>To ensure consistency across the consumer finance landscape, this directive amends the following legislation:</p> <ul style="list-style-type: none"> ● Directive 2008/48/EC. ● Directive 2014/17/EU.
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